

UNITED STATES GOVERNMENT

Memorandum

TO : FE - Mr. McConaughy

DATE: November 1, 1961

FROM : FE - Avery F. Peterson

SUBJECT: Visit of Indonesian Minister of Trade Arifin HARAHAAP

Mr. Arifin HARAHAAP, Minister of Trade for Indonesia, will call on you on Thursday, November 2, 1961, after discussions in Mr. Peterson's office beginning at 11:30. His visit is stated to be purely a courtesy call, and it is not anticipated that he will wish to discuss any matters of substance. He has just completed an official visit to Mexico City and is spending a few days in the United States on a leader grant before proceeding to Europe and Indonesia.

Background:

Holder of a law degree from the University of Indonesia, Minister HARAHAAP joined the Ministry of Information of the new republic in 1945 and served as secretary to the Indonesian delegation at the Kaliurang and "Renville" 1948 talks. Since 1950 he has risen steadily through various posts in the Economic/Trade Ministries, as an official in the Central Import Office (CKI), head of the Central Office for Imports (KPUI) and head of the Foreign Trade Directorate of the Ministry of Trade. He became Minister in 1959. His Department, in conjunction with the Department of Finance, is responsible for promulgating regulations governing imports into Indonesia and for administering the import licensing system. In 1960 and the first half of 1961 the United States continued its traditional position as Indonesia's principal supplier.

Attachments:

Although it is not believed that Mr. HARAHAAP will raise any question of substance, attached as of possible interest are papers on disposal of surplus rubber from the United States stockpile, disposal of surplus tin from the United States stockpile and possible United States adherence to the International Tin Council.

Attachments:

Papers on rubber
Papers on tin

Clearances:

SPA - Mr. Lindquist (EJ)
Mr. Emmons

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(Drafting Office and Officer)

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DEPARTMENT OF STATE

Memorandum of Conversation

611.98 / 11-661
x R 7560.00

DATE: November 6, 1961

SUBJECT: U.S. Posture Toward Indonesia

PARTICIPANTS: Mr. McConaughy, Assistant Secretary, FE
Mr. Harry Goldberg, Asian Adviser, International Department, AFL-CIO
Mr. Kinney, Labor Adviser, FE

COPIES TO: FE-2
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NOV 21 1961

Mr. Goldberg stated that he had on behalf of AFL-CIO on several occasions in the past discussed United States policy toward Indonesia with Assistant Secretary Parsons and others within the Department. He repeated concern expressed in such previous discussions that Indonesia under President Sukarno's concept of Guided Democracy is moving steadily to the left. He indicated that in his opinion the collapse this year of the Indonesian revolution had increased the danger of Communist capture of Indonesia.

He stated that he had been in touch with the leaders of the revolution. He indicated his sympathy for their cause against the Sukarno government and his dismay that the revolt had failed.

Mr. Goldberg said that when he learned that President Kennedy had issued an invitation to President Sukarno to visit him in Washington this year he had sent a protest to the White House.

He stated that he recognized that it is easier to warn of the dangers inherent in situations such as that facing the United States in Indonesia than to carry out courses of action guaranteeing their solution. He said that it was his desire, however, to emphasize the seriousness of this problem.

In a reference to the West Irian (West New Guinea) question, he expressed the conviction that it would be a serious error for the United States to lend support to any proposal aimed at present transfer of West Irian to Indonesia.

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He maintained that Indonesia under present political and economic circumstances does not deserve and is in no position to rule West Irian as a part of the Indonesian Republic. He urged that the United States adhere to advocacy of self-determination.

Mr. Kinney reminded Mr. Goldberg that an article by the latter written some years ago in support of the Indonesian West Irian claim has been printed in pamphlet form by the GOI and distributed to foreign visitors. Mr. Goldberg stated that he had changed his position since writing the article.

Mr. McConaughy said that one way out of the West Irian problem might be through an interim arrangement involving administration of the territory by a group of UN member countries acceptable to both the principal parties to the dispute. He expressed the hope that a formula for settlement of the question acceptable to both the Netherlands and Indonesia could be found.

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FROM: DJAKARTA

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TO: Secretary of State

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NO: 881, NOVEMBER 13, 4 PM

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IN COURSE FAREWELL CALL NOVEMBER 2 DR. ALLEN WAS TOLD BY CHAERUL SALEH THAT CONTINUATION PRESENT ECONOMIC DETERIORATION COULD RESULT IN REVOLUTION WITH COMMIES COMING OUT ON TOP. IN SERIOUS MOOD, SALEH STATED TIME RIPE FOR US TAKE INITIATIVE DEMONSTRATE ANEW ITS FRIENDSHIP FOR INDONESIA. CLAIMED WEST IRIAN PROBLEM PRINCIPAL ELEMENT INSTABILITY BUT ALSO US SHOULD TAKE ADVANTAGE LOSS OF SOVIET PRESTIGE DUE TO 50-MEGATON BOMB TEST AND RECENT EVENTS SOVIET PARTY CONGRESS.

SALEH COMMENTED ON RECENT TRIP AND PARTICULARLY DISCUSSIONS WITH MEMBERS ECONOMIC TEAM. SAID HE WAS PLEASED WITH RECOMMENDATIONS OF TEAM AND ALSO CONSIDERED GOI EIGHT YEAR PLAN HAD MISSED MAJOR POINT, NAMELY CONSIDERATION COST OF OVERHEAD EXISTING PLANT TO INCREASE PRODUCTION WHICH INVOLVED ALSO ALLOCATIONS FOR SPARE PARTS, MAINTENANCE, AS WELL AS SUPPLY MATERIALS. CLAIMED HE RECOGNIZED RATIONALE TEAM'S POSITION REGARDING RAYON COMPLEX BUT SAID PROJECT MUST GO AHEAD (PRESUMABLY FOR PRESTIGE REASONS) AND THAT VON KOHORN SURVEY WOULD RESOLVE MANY DOUBTS. ADDED VON KOHORN ABLE MOBILIZE INTERNATIONAL FINANCING AND STATED HIS CONVICTION THAT AMERICAN KNOW-HOW AND BACKING WOULD GUARANTEE SUCCESS OF PROJECT. CLAIMED DID NOT WISH BE FORCED TURN ANY OTHER COUNTRY FOR RAYON PLANT.

SALEH SAID ALSO HOPEFUL NEGOTIATIONS WOULD BE

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(To be cleared with CPKL/WC-8
The Honorable Chester Bowles)

FE: H.F. Jones

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MEMORANDUM OF CONVERSATION

Approved in U

Date: November 17, 1961

SUBJECT: Indonesian Development Problems

PARTICIPANTS: Mr. Chairul Saleh, Acting Chairman, Provisional
People's Assembly

The Honorable Chester Bowles, Under Secretary of State
The Honorable Howard P. Jones, American Ambassador

DISTRIBUTION: See last page.

Mr. Saleh thanked Under Secretary Bowles for his call and told how thoroughly he had enjoyed his trip to the United States. He said that the only incident to mar this visit had been the unfortunate episode at the office of the "World Bank President."

Mr. Saleh addressed his remarks almost exclusively to Indonesia's financial and development problems. He expressed great interest in the report of the White House economic team and recalled that he had been promised a copy of it. He said the general outline of the report had been made available to him during his visit to the United States, and that he had been especially pleased with certain recommendations of the team concerning modifications in the Indonesian Eight-Year Plan.

Mr. Saleh expressed considerable impatience, however, with Dr. Djuanda's "austerity" measures,* stating that curtailment of imports, capital expenditures, etc., could only result in bringing the Indonesian development effort to a standstill.

Mr. Saleh stressed the urgency of increasing trade between the United States and Indonesia, as well as of conducting such trade directly and thus dispensing with the "middlemen." He said that he looked forward to the early arrival of the United States Trade Mission in order to advance his trade promotion programs. He viewed the United States rubber disposal problem as a retrograde step, however. Under Secretary Bowles then explained the United States position on this subject.

Mr. Saleh said that he was hopeful that negotiations with the American oil companies could be successfully concluded in the near future.

Under Secretary Bowles said that the United States was well aware of the dangers which Communism posed to Indonesia both from within and from the outside. He alluded especially to the aggressive threat from the Communist Chinese and said that it was the long-range interest of the United States to develop a stable group of independent Asian countries to offset and counter this Communist Chinese power. Under Secretary Bowles pointed out that an arc of such free states, based on Japan,

*but without mentioning Djuanda by name

Indonesia

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Indonesia, India and Pakistan, would number 750 million people, and thus could form such a counter force. He said that in promoting our mutual interest in the Southeast Asia area, however, the United States must primarily play the role of a helpful bystander. He presented an analogy to the early nineteenth century, when the United States proclaimed its Monroe Doctrine. Although the United States had refused any alliance with Great Britain, Britain had shown real maturity by recognizing the realities of American politics. The United States was weak, but the mere presence of the British Fleet in the Atlantic was sufficient to prevent incursion by imperialist-minded European powers into Latin America, and thus to permit the United States and the other countries of the Americas to develop peacefully.

Mr. Saleh at this point exclaimed, "The British Fleet in the nineteenth century was then just like your Seventh Fleet today!" He expressed the hope that the United States would provide the same curtain of protection to Indonesia which the British had given to the United States, then jestingly urged that the guns always remain pointed in the "right direction."

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TO : THE DEPARTMENT OF STATE, WASHINGTON. November 22, 1961
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SUBJECT: Conversation between Embassy Officer and Indonesian Ambassador to India

Enclosed is a Memorandum of Conversation between Mary S. Olmsted, Embassy Officer, and Ambassador Moekarto Notowidigdo of Indonesia. During the conversation the Ambassador made some interesting comments on a variety of topics, such as Indian technical assistance to Indonesia, India's relations with Africa and Nepal, and Asian Communist parties.

For the Ambassador

Wallace W. Stuart
Wallace W. Stuart
Counselor for Political Affairs

Enclosure: Memorandum of Conversation dated Oct. 30, 1961

Copies to: Bombay, Calcutta, Djakarta, Kathmandu and Madras

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Page 1 of
Enclosure 1
Despatch No. 381
Ambassy, New Delhi
November 22, 1961

MEMORANDUM OF CONVERSATION

PARTICIPANTS: Ambassador Moekarto Notowidigdo of Indonesia
Mary S. Olmsted, First Secretary of Embassy
PLACE: The Ambassador's Office
DATE: October 30, 1961

Ambassador Moekarto said that he had just returned from Bombay where he visited the Atomic Energy Establishment in the hope of arranging for the training of Indonesian scientists at the Establishment. He said that he has at various times discussed with Prime Minister Nehru his hopes that India would extend technical assistance to Indonesia. The Prime Minister has always taken the position that India would like to help Indonesia but simply lacked the financial resources. The Prime Minister seems to feel, the Ambassador said, that India's first efforts in this direction should be in Africa rather than in Southeast Asia. The Ambassador observed that India's program of bringing African students to India had backfired and has earned ill will, not good will, for India because of the poor reception accorded the African students. He said that Indian society is a closed society and has rejected the African students. Furthermore, the color bar is worse in India than in the United States (where he served for seven years). Miss Olmsted commented that one would expect India to have a greater interest in Southeast Asia than in Africa. The Ambassador said that although there were large numbers of Indians in both areas, those in Southeast Asia were well assimilated and were out of touch with the homeland while those in Africa were not assimilated and maintained close ties with India.

Nehru's stature among the neutralist countries is not as great now as it was ten years ago, the Ambassador said, and he regrets this because he regards the Prime Minister as the greatest of today's statesmen. The Ambassador said that he has had a number of opportunities to talk freely and frankly with the Prime Minister, both privately and at the luncheons that the Prime Minister has for the Ambassadors of the neutralist countries. He said that Nehru once asked him what he regarded as India's greatest problem. The Ambassador replied that disunity and the threat of disintegration were India's most serious problems, and that poverty was the second most serious problem. The Prime Minister and Mrs. Indra Gandhi, who was also present, disagreed violently, saying that poverty was the most serious problem and that they were able to cope with the problem of disunity.

Ambassador Moekarto

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Enclosure 1
Despatch No. 381
Amembassy, New Delhi
November 22, 1961

Ambassador Moekarto said that he has advised the Prime Minister several times that India should take a firmer position in its dealings with Communist China as the Chinese regard any temporizing as weakness. He has told Nehru, he said, that Indonesia took a very firm position in dealing with the Overseas Chinese in Indonesia and although Communist China was very angry, Indonesia did not back down, and finally China accepted Indonesia's position. The Ambassador said that he told MEA nearly a year ago that he had received word from the Indonesian Embassy in Peking that China planned to build a road from Tibet to Kathmandu, but MEA did not believe it to be true. (The Ambassador is accredited to Kathmandu as well as to New Delhi.) Now, however, Nepal has announced that the road will be built. Miss Olmsted asked him why Nepal had signed this agreement with the Chinese. The Ambassador replied that frustration and annoyance with India were the main reasons. He said that Nepal wants to be less dependent upon India, wants trade routes other than those through India. Furthermore, the ruling group in Nepal resents the India-inspired activities of the Congress in Nepal. The King of Nepal, who is rather naive, has been much flattered by the attentions of the Chinese Communists, according to the Ambassador.

Miss Olmsted asked him if he reached any conclusions while he was in Bombay about the outcome of the Krishna Menon - Kripalani election contest. He said he expects that Krishna Menon will be re-elected. He said Menon is isolated in India just as he was in the U.N. where even the representatives of the other neutralist countries would not associate with him. Menon has, however, the strong backing of Nehru and in addition will receive the Communist vote, and this combination will assure his election. The Ambassador then digressed a little to say that he has recently had an interesting insight into the Communist Party. A short time ago two leaders of the Communist Party of Indonesia came to India for meetings with the Indian party. Ambassador Moekarto got in touch with them and they came to call on him. In the course of their conversation he asked for their evaluation of the Communist Party in India. They replied that it had the best leadership of any Communist party in Asia, except the Chinese party, and that while there were differences within the party, the reports of split between the pro-China and the pro-Soviet groups had been considerably exaggerated. Miss Olmsted asked him if a split had developed in the Indonesian Communist Party. He replied, with a smile, that the Indonesian Communists have reached a typically Indonesian solution: they accept money from the Chinese Communists and they accept advice from the Soviets. (This comment referred to his earlier observations about the Indonesian character which he described as being mild, accommodating and inclined to compromise.)

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Deptooff (Steeves) took occasion offered by call General Jani, Nov 30, discuss various aspects current Indonesian scene. Steeves used Jani request for export license for cargo parachutes as springboard for discussion US difficulties providing military equipment and other aid in atmosphere generated by such statements as Sukarno speech in Bandung and other threats take forceful WNG. Mentioned action in ~~Indo voting record in UN~~ economic crisis now facing Indonesia and difficulties facing US companies as creating impression that GOI leadership more concerned with somewhat illusory political goals than with he speaking as representative tackling pressing needs of nation. Stressing ~~Indo voting record in UN~~ of nation which true friend of Indo as contrasted Soviet Union which endeavoring exploit Indo aspirations for own purposes, ~~Indo voting record in UN~~ urged such Jani take up/opportunities as might be available influence GOI leadership in more constructive directions. Specifically, suggested Indo declaration that force would be abjured in connection WNG. Said such statement would be clearly beneficial to Indo in eyes world and would make it much easier for friendly nations including US be of greater help in assisting Indo development. Also suggested would be most promising means advance Indo objectives in WNG.

Jani

Drafted by:

FE:SPA:RSI:ndg:st:cb:11/30/61

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Telegraphic transmission and

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December 1, 1961

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6:00 a.m.

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TO: Secretary of State

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NO: 1866, November 30, 7 p.m.

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ACTION DEPARTMENT 1866, INFORMATION THE HAGUE 20, DJAKARTA 20
WEST NEW GUINEA

RMR

At time of his departure November 29 for Djakarta Subandrio (Indonesia) was somewhat less vehement in his attitude towards US because of part we played in WNC debate than impression given us earlier by Nugroho. Subandrio said he could understand why the US felt obliged to support Brazzaville resolution, although he believed if we had wanted to maintain a truly neutral position we should not have pushed Brazzaville resolution and should have abstained on both Indian and Dutch resolutions. His strongest feeling was with respect to our request at plenary meeting that Dutch and Indians withdraw their resolutions. He pointed out that we knew beforehand that India would not withdraw and that by making such request to Dutch we merely helped them get off hook.

USUN representative asked Subandrio not to let this become serious irritant US-Indonesian relations. Subandrio replied that Sudjerno had talked morning November 29 to Sukarno on telephone but had not reported on Indonesian irritation at our posture. Subandrio gave impression that he would try to avoid serious difficulties arising over this issue. He urged that Ambassador Jones be given full explanation our policy to pass along to Sukarno. USUN representative replied he understood this was being done.

STEVENSON

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